Misuse of VABAL

550. SHRI ABANI ROY; Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government are aware that Value Based Advance Licencing Scheme (VABAL) introduced in the Exim Policy to help exporters have revealed widespread misuse of the scheme by exporters;

(b) if so, the details of the exporters who misused the said scheme;

(c) what were the lacunae in the scheme due to which the scheme has been misused; and

(d) the steps taken by Government to remove the lacunae in the scheme and to book the exporters?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI MURASOLI MARAN): (a) to (d) The Value Based Advance Licencing Scheme (VABAL), which was in operation during the Exim Policy period 1992—97 was misused by some unscrupulous elements by declaring incorrect values of exports and imports. The VABAL scheme has since been discontinued with effect from 1st April, 1997. Case-wise details of misuse are not centrally maintained. However, provisions exist in the Foreign Trade (Development & Regulation) Act, 1992, for taking penal action against the offenders. Detailed Enforcement Guidelines were issued in this regard by the Director General of Foreign Trade (DGFT) to the field formations in October, 1997, for dealing with cases of suspected misdeclaration of value to take the following action:

(i) Cancellation of licence; (ii) Imposition of fiscal penalty;
(iii) Cancellation of Importer-Exporter Code Number. Fixing
the floor price for imported Steel

551. SHRI K.R. MALKANI: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that at a time when world steel prices plunged below $200 Government fixed a floor price of $234 for imported steel (vide the Indian Express, 7th August, 1999);

(b) whether this did not amount to a subsidy of up to Rs. 5000 crores to the local steel industry; and

(c) the rationale for the irrational action?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI MURASOLI MARAN): (a) to (c) In the international market there is no single reference price for steel items. The export prices of major steel producing countries are reported in various trade journals including London Metal Bulletin. In December, 98 the minimum import prices for certain steel items were fixed on the basis of the avarage export prices of these items from the European Union and Japan as reported in London Metal Bulletin. Prices from the European Union and Japan were taken as reference prices since these were considered non-dumping normal export prices. The minimum import prices were fixed as a short term measure to protect the domestic steel industry against abnormally low prices prevailing in certain CIS and South-east Asian countries. In view of the improvement in the international situation and the need to strike a balance between the requirements of the producers as well as users of steel in the country, these prices have been revised downwards on 1.11.1999. Protecting domestic industry against such imports cannot be said to amount to a subsidy to the local steel industry.

Undue benefits to Exporters

552. SHRI AMAR SINGH: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that the Joint Director General of Foreign Trade made payment to the tune of Rs. 2.04 crore towards deemed export benefits and cash compensatory support to the exporters in 1996 on the basis of claims submitted by them which were time-barred under the EXIM Policy;

(b) if so, what are the details thereof including the names of the exporters who were benefited;

(c) whether the amount has since been recovered from them and if so, the details thereof; and

(d) what action Government have taken against the officials concerned for extending undue benefits to exporters?